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TAGS: [PTER](#) [ASEC](#) [PINS](#) [PGOV](#) [PREL](#) [PA](#) [BR](#) [AR](#) [ES](#)
SUBJECT: TENSIONS WITH BRAZIL INCREASE OVER LAND AND
MILITARY ISSUES

REF: A. ASUN 709
[B](#). ASUN 181
[C](#). ASUN 590

Classified By: Ambassador Liliana Ayalde for reasons 1.4 (b) and (d).

SUMMARY

[1](#)1. (C) Paraguay's bilateral relations with Brazil soured in October over Brazilian military exercises on the Paraguayan border and an increase in invasions of land owned by Brazilian-Paraguayans. Although Brazil informed Paraguay of its plans to conduct military exercises, Paraguayan officials claimed Brazil did not give Paraguay enough notice and objected to Brazil's show of force, taking the exercise as an affront to Paraguay's sovereignty. The Brazilian military initially assuaged Paraguay's concerns by claiming that the exercises were routine; however, rhetoric from the Brazilian military later fanned the fire. The Paraguayan government responded to the crisis by banning foreigners from owning property for agricultural purposes, and sent in security forces to quell the campesino movements. Although Brazil regularly conducts military exercises, this one came at a particularly sensitive time. While the Brazilian maneuvers (and Paraguayan reaction) have gone largely unnoticed in Brazil, Paraguayans (including President Lugo himself) will be nursing their bruised egos for some time. END SUMMARY.

MILITARY EXERCISES LEAD TO TENSIONS

[1](#)2. (C) Paraguay's bilateral relations with Brazil soured in October over large-scale Brazilian military exercises on the Paraguayan border. The exercise -- dubbed "Operation Southern Frontier II" -- began October 13 and concluded October 24. It included land, air, and amphibious operations involving up to 3,000 soldiers, 250 patrol vehicles, seven helicopters, and live ammunition. The Brazilian military destroyed several ports used for smuggling on the Paraguay River, and set up check points near the Brazilian border crossing near Ciudad del Este, where it inspected over 6,000 vehicles. The press reported that the military exercises notably dampened the flow of commerce between Paraguay and Brazil. When Ambassador traveled with President Fernando Lugo to the border town of Capitan Bado in Amambay Department October 20, local officials reported that the Brazilians had removed six tanks and a large number of troops only hours before their arrival. Paraguayan Minister of Agriculture Vera Beranjano privately told the Ambassador during the trip that he considered her presence a show of U.S. support for Paraguay to Brazil.

¶3. (U) Although Brazil officially informed Paraguay of its plans to conduct military exercises, Paraguayan officials claimed Brazil did not give Paraguay enough notice and objected to Brazil's show of force, taking the exercise as an affront to Paraguay's sovereignty. (NOTE: In addition to diplomatic channels, the Brazilian DATT informed his Paraguayan counterpart about the exercise in May 2008. END NOTE). Lugo stated October 16, "Brazil can do what it wants inside its territory" but that "we will not accept any interference." The Paraguayan Defense, Foreign and Interior ministries warned Brazil not to violate Paraguay's territorial integrity. (NOTE: Brazil has repeatedly encroached on Paraguayan territory during military and police operations, and the press reported that Brazilian troops entered Paraguay during the military exercise. The Ultima Hora newspaper claimed October 17 that the Brazilian military illegally entered Amambay Department during the exercise by traveling on routes that pass through Paraguay. END NOTE.) The Paraguayan Defense Ministry issued a statement October 16 denouncing the military exercise and stating that Paraguayan Military Forces were on alert for its duration.

¶4. (SBU) The Brazilian military initially assuaged Paraguay's concerns by claiming that the exercises were routine; however, rhetoric from the Brazilian military later fanned the fire. Brazil's 5th Army Division Communications Chief Ariel Okopny told the Ultima Hora newspaper October 16 that "It's not a show of force against Paraguay but against lawlessness on the border. This is an internal action, which is held regularly, where the Brazilian Armed Forces interact with federal and interstate bodies." (NOTE: Paraguayan Ambassador to Brazil Luis Gonzalez Arias said that the

military exercises along the Paraguayan border "should not scare us, because they are military exercises which Brazil has been carrying out for more than ten years." END NOTE.) However, two days later, Brazilian Southern Command Chief General Jose Elito Carvalho said "through this demonstration of force, the Armed Forces are sending another message to neighboring countries." Carvalho also told the press during an interview October 18 that "the phase when we had to hide things has passed. We now have to demonstrate that we are a power, and it is important that our neighbors know about it." The Paraguayan press reported as current statements Carvalho made in June that the Brazilian military would intervene if Itaipu Dam were taken over by "social movements" if so ordered by Brazilian President Luiz Inacio Lula da Silva.

¶5. (SBU) Lugo dismissed Carvalho's statements October 19, saying, "If you believe that military exercises at the border or press statements are going to scare us, they will not." Interior Ministry Rafael Filizzola, who oversees the National Police, condemned Carvalho's remarks as an "outrage to our sovereignty." Lugo stated that he would ask Lula for an explanation of the military exercises when they meet at the Ibero-American Summit in El Salvador on October 29.

LAND INVASIONS

¶6. (SBU) Tensions between Paraguay and Brazil further increased after several landless farmer groups illegally occupied properties owned by Paraguayans of Brazilian origin ("BrasiguayosbKZGQV]H5pg&*rTe lands. Campesino groups have targeted large Brazilian landowners, who are widely believed to illegally own Paraguayan land, to refuse to hire Paraguayan farm workers, and to contaminate the environment with agrottoxins. (NOTE: Between 300,000-500,000 Brasiguayos live in Paraguay. END NOTE.) Leading daily newspaper ABC Color reported October 17 that campesino groups illegally occupied 33 properties in seven Paraguayan departments, including 20 properties in Alto Parana. It also reported that these groups threatened to invade another 110 properties, including 74 in San Pedro. San Pedro campesino leaders Elvio Benitez and Antonio Cabrera of the National Patriotic Front (FPN) told Ultima Hora

October 19 that they had ended their truce with the Paraguayan government and will occupy 23 large private landholdings in San Pedro covering 3,000 hectares of land claims was illegally sold to Brazilian farmers. In Alto Parana, the Alto Parana Association of Agriculturists (ASAGRAPA), Campesino Alliance, and Paraguayan Agrarian Movement Revolutionaries -- groups affiliated with the Without Land (Sin Tierras) campesino movement -- illegally occupied over 20 properties, including several industrial farms.

¶7. (SBU) The Paraguayan government responded to the crisis by banning foreigners -- including "Brasiguayos" -- from owning land for agricultural purposes October 6. Paraguay's Rural Development and Land Institute (INDERT) issued the decree, which purports to modify a 2005 law that allows foreigners to own land for any purpose as long as it is not located within 50 miles of Paraguay's borders. Lugo assured "Brasiguayos" that the government would not actively expel them from Paraguay. However, at the urging of the Brazilian consulate in Ciudad del Este, Brasiguayos in Alto Parana and Itapua departments met October 15 and decided to create a council to ask Brazil's Foreign Minister, Celso Amorim, to deal with this issue at the Brazilian and Paraguayan high government levels.

¶8. (SBU) The Paraguayan government ordered hundreds of unarmed police officers to San Pedro and Alto Parana departments to quell the campesino movements. Ultima Hora reported October 21 that the National Police had 510 agents in 19 districts in San Pedro, and deployed over 100 officers in the past month to key locations in San Pedro and Concepcion departments to help manage unrest caused by campesino land occupations, narcotrafficking, and kidnappings (ref A). The Interior Ministry warned October 17 that armed groups camouflaged as peasants existed in several illegal campesino settlements in Alto Parana Department. Ultima Hora reported that police consider it possible but could not confirm that members of the so-called Paraguayan People's Army (EPP) are involved in fomenting unrest in San Pedro (ref B). Political analyst Roque Gonzalez Vera stated October 19 that campesino leaders are using the recent death of Bienvenido Melgarejo in a clash with Paraguayan police as a

"martyr" to carry out their "patriotic struggle" through armed resistance. Campesino leader Tomas Zayas vowed that campesinos will retaliate for Melgarejo's death.

¶9. (C) Interior Minister Rafael Filizzola has made strong public statements that the government will not tolerate the invasion of private property. Privately however, Filizzola told RSO October 20 that he is worried about the continuing threats of land invasion and said the GOP is struggling with how to respond. President Lugo broke his silence on the issue October 18 to say he would not tolerate violent action of any kind, and that legal means must be used to resolve conflict. Lugo met for three hours October 23 with the congressional members of his Patriotic Alliance for Change. One participant in that meeting told the Ambassador late on October 23 that she and others were pushing the president for an even stronger position on the importance of respecting private property and the rule of law.

BRAZILIAN-PARAGUAYAN RELATIONS

¶10. (C) Although Brazil regularly conducts military exercises, this one came at a particularly sensitive time. One of Lugo's central campaign promises was to renegotiate the Itaipu dam treaty with Brazil. However, preliminary talks between the two countries have not resulted in any signals that Brazil is open to renegotiation, leading many Paraguayans to believe that Brazil's military exercise is a reminder of Brazil's military and economic strength (and Paraguay's relative weakness).

¶11. (C) Press reports also speculated that the Brazilian

military may have been sending a message to Venezuela, which continues to dabble in Mercosur affairs. Political analyst Gonzalez Vera said the purpose of the Brazilian military exercises was to warn Venezuelan President Hugo Chavez that Paraguay is linked to Brazil's security plan and to not meddle in Paraguay's internal affairs by financing pro-Venezuelan political campesino groups. (NOTE: During his visit to San Pedro August 16, Chavez singled out the department -- the epicenter of campesino activity -- for local development assistance (ref C). END NOTE.)

COMMENT

112. (C) While the Brazilian maneuvers (and Paraguayan reaction) may not have made headlines in Brazil, Paraguayans (including President Lugo and many members of his cabinet) will be nursing their bruised egos for some time. Brazil may have legitimate reasons for choosing to flex its military muscle, and the exercises may be routine, but these are the first Brazilian exercises during the Lugo administration. The Paraguayan government is of the mind that they could have been handled with increased care. The perception here is that Brazil is reminding Paraguay of the neighborhood pecking order, of its weak negotiating position on Itaipu, and that Brazil is watching out for its own in Paraguay. END COMMENT.

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